

# **THE DEPARTMENT OF TRANSPORTATION**

## **HEARING ON THE MAYOR'S FISCAL YEAR 2004 BUDGET REQUEST ACT**



**Testimony of Daniel Tangherlini  
Director  
Department of Transportation**

**Anthony A. Williams  
Mayor**

**Committee on Public Works and the Environment  
Carol Schwartz, Chairperson**

**Wednesday, April 2, 2003  
3:00 PM  
Council Chambers  
Washington, DC**

Good day, Chairperson Schwartz, Councilmembers and staff. I am Dan Tangherlini, Director of the Department of Transportation (DDOT). I am pleased to present testimony to the Council in support of the Mayor's FY 2004 budget request for the functions in DDOT.

First, I want to put my testimony in context of the national and District budget situation. As you know, because of changes in the economy, the decline in equities markets, the bursting of the "tech bubble", fears of terrorism and the war in Iraq, the federal budget is projected to show significant deficits over the next several years. The District and nearly all other States and localities have fared no better as our revenues have declined significantly. As a result, we all have to work to close these gaps in the only two ways available: budget cuts or revenue enhancements.

As you are well aware the scale of the District's budget gap in FY 2004 is not inconsiderable at roughly \$150 million. The administration's budget proposes to close that gap in a responsible and sensible ways, by focusing on citywide priorities. This has involved making some hard and possibly unpopular choices. Every agency in the Government of the District of Columbia has been forced to re-evaluate and prioritize its programs and then focus efforts in FY 2004 on delivering core services.

DDOT is no exception.

Our FY 2004 request will allow DDOT to continue its efforts of effective stewardship of the transportation infrastructure. And while DDOT has seen a decline in proposed local appropriated resources of roughly 20%, DDOT

will still be able to meet its mission by focusing its remaining funds on investments in infrastructure maintenance activities. While reductions have been made across the board to the DDOT program, we worked to protect the essential maintenance activities: roads and bridges, trees, signs and streetlights. By protecting maintenance, admittedly at the cost of new investment and delayed replacement, we at least ensure that we do not give up any of the progress we have made over the last several years.

I look forward to working with you to continue to fine-tune the prioritization of our numerous programs and targeting the location of our investments.

Taking a step back from our local funding proposal for this fiscal year, the change in the economic climate may also have a dramatic effect on the Federal transportation program. As Congress prepares to reauthorize the federal surface transportation program, they are engaged in an intense debate over how much will be provided in formula grants to States. The District receives roughly \$100 million annually in these funds, so this discussion is of intense interest to the District and our transportation program. I will discuss this in more detail later in my testimony.

Allow me now to detail our funding request as presented in the Mayor's FY 2004 Budget proposal.

### **Funding Request**

For fiscal year (FY) 2004 the Mayor's request for DDOT operating funds is \$21,447,336, a 13.9% decrease in the \$24,912,324 in adjusted operating

funds budgeted for DDOT in FY 2003. This request is comprised of a personal services budget of \$5,636,048, a 19% decrease from FY 2003, as well as \$15,811,288 in non-personnel related costs, a decline of nearly 12% from the prior year. Full-time equivalent employees funded by operating funds will decline by 7 to 89. And in other funding sources, DDOT projects a stable \$37 million in rights-of-way user fees to be deposited in the Local Road Maintenance Trust Fund. Projected Federal grants will remain relatively constant at just over \$5 million, even accounting for the loss of the one-time payment of \$1 million to improve traffic flow near the White House. Finally, intra-district funds will remain largely unchanged at roughly \$200,000.

At this point you may note some significant differences between the funding levels described in my testimony and the numbers in the printed budget request document the Council received. This change, in favor of DDOT's overall funding level, reflects the restoration of \$3,225,000 in funding for streetlight energy costs that were inadvertently omitted from the original budget submission. This line item is a fixed cost, necessary to ensure the continued operation of lights that line our federal and local streets. I want to take this time to thank the Office of the Chief Financial Officer for working with us to identify and rectify this omission.

Once again, DDOT has participated in presenting its funding request in the form of a performance-based budget (PBB). Originally, one of nine pilot PBB agencies, DDOT has continued to refine its PBB information to provide the Council and the public with the maximum amount of useful

information. The following is a description of the DDOT FY 2004 budget request by PBB program area:

[Attached to this testimony is a series of tables that detail these main funding categories and the funds proposed for each.]

### **Agency Management**

For FY 2004, all agencies have worked with the Office of the Chief Financial Officer's Budget and Planning Office to develop the Agency Management Program (AMP). The AMP reflects the necessary activities and associated costs to properly operate an agency allowing for objective comparison among agency programs of different sizes. The AMP includes the fundamental functions such as finance, procurement and personnel, as well as critical, but often overlooked, areas such as risk management, training and employee development.

DDOT' FY 2004 request for AMP is \$5,425,461, a 38% decrease from the funding requested in FY 2003. This includes a decrease of \$1,626,130 for debt service costs and a further \$333,659 reduction as DDOT's part of the \$323 million budget closing exercise for FY 2003. The balance of the changes are due to the realignment of functions such as shifting planning staff to the Infrastructure and Operations program areas, to better represent the costs associated with planning and developing our infrastructure.

There are no rights-of-way fee based Local Road Trust Funds proposed for expenditure in this program area.

## **Infrastructure Development and Maintenance**

The Infrastructure Development and Maintenance program includes our project management teams, street and bridge maintenance functions, the Urban Forestry Administration, and the snow removal program.

DDOT is requesting a total of \$1,452,599 in local funds for this program in FY 2004. The decrease of \$13,044,392 from the FY 2003 funding level of \$14,496,991 is due to the transfer of \$11,827,348 for the Transportation Safety activity to the Transportation Operations program. Additional reductions are attributable to the move to fund the snow removal program from the Local Capital Maintenance Fund. The remaining functions of this program are primarily responsible for planning and supporting DDOT's nearly \$1 billion six-year transportation capital improvement program, including transportation policy, project planning and review.

In addition to the local funds enumerated above, the Budget proposes \$29,550,000 in Local Road Trust Fund (LRTF) revenues for expenditure in this program area, a reduction of \$7,389,000 due to a transfer of the Transportation Safety Activity to the Transportation Operation Program. A number of significant decreases in prior allocations to various project areas are reflected in these totals due to the transfer of the snow removal budget to the LRTF. When combined with moving all tree maintenance related expenditures into the LRTF as part of the FY 2003, \$323 million reduction exercise, the reductions in such program areas as sidewalk repair and replacement, alley rehabilitation, street resurfacing and lighting upgrades and improvements, are significant.

DDOT has worked to reprioritize its investment plans, focusing on maintenance investments first. For example Tree Pruning funds remain constant at \$3.8 million, as does tree removal (\$1.9 million), planting (\$920,000) and diseased tree control (\$65,000). Street maintenance repairs and materials are funded at \$5.5 million (up from \$1.75 million) reflecting the full cost of street, bridge and sign maintenance activities formally funded by local appropriations and Highway Trust Fund revenues – a source that is under stress due to declining gas tax revenues, increased Federal-funds expenditures and decreased interest earnings. In fact, at current projected rates of potential expenditure, the District's Highway Trust Fund begins to show negative balances beginning in FY 2006.

The Infrastructure Maintenance and Development Program also includes budgeted LRTF expenditures for traffic and parking studies (\$1.4 million); traffic calming (\$1 million); culvert repairs (\$1 million); alley rehabilitation (\$1.05 million); and advanced design work (\$500,000). Funds are also set aside for local road resurfacing - \$5,322,066, up from \$2.9 million in FY 2003. While this increase may appear significant, it will come at the same time that DDOT is winding-down its nearly \$90 million Barney Circle Redirect local road rehabilitation as well as its 2-year \$22 million National Capital Infrastructure Fund local road and alley resurfacing programs. Combined, this will result in a significant decline in local road rehabilitation work in the coming years.

The snow removal activity is also funded out of this program in FY 2003 and 2004. This is proposed as a one-time adjustment to assist the District through these trying financial times. Roughly \$3.2 million is set-aside for

these activities in FY 2004, essentially unchanged from the FY 2003 funded level. This provides sufficient funding to mobilize the snow team and equipment and respond to seven small events. Another aberrant winter like this last one, though, would quickly consume this funding level and would have major spill-over effects on the LRTF-funded programs in this budget area.

### **Transportation Operations**

The Transportation Operations program includes the following activity areas: Alternative Transportation (mass transit, bicycle/pedestrian), Traffic Flow and Transportation Safety. Such program areas as streetlight maintenance, parking meter operations and the public space management programs are funded in this area. The FY 2004 request for Transportation Operations is \$14,569,276, an increase of \$13,244,470 from the FY 2003 level of \$1,324,806. This funding level includes an increase of \$1,017,112 for lease payments for recently leased space used to house our expanded Infrastructure Project Management Administration

Most notable in terms of differences between the funding request presented to you in the original budget submission and the figures to which I have just testified, is a change of \$3,225,000 to reflect the restoration of funds necessary to pay streetlight energy costs.

LRTF funds for this budget area total \$7,450,000 to cover the costs of streetlight maintenance and replacement.

## **Enhancements**

The transportation funding news in the Mayor's requested budget is not all austerity, though. There are a number of key areas for which, even though the District is facing severely constrained finances, the proposed budget includes enhanced funding. These are:

**Transportation Security Office:** As security concerns remain high in the national capital region and the District of Columbia, an important element of our FY 2004 request is for additional funding to create a new Office of Homeland Security Planning and Preparedness within the Office of the Director. Transportation remains the foundation for any emergency response. This request would permanently establish our ability to plan, communicate and respond effectively to homeland security related issues. The office, as proposed, would house a single permanent FTE, and provide funding for supplies and other materials.

**Sign Enhancement Program:** Concern and confusion reign over the District's system of parking and traffic regulation signage. Apparently conflicting messages and layers of sign policy that have made sign poles look more like sails are legion throughout our 1,100 miles of roadways. DDOT has already embarked on an effort to simplify signage by improving designs, reducing messages and eliminating redundancy. The \$500,000 in additional proposed funds for sign enhancement in FY 2004 is the first payment in a proposed multi-year program to update, and replace the existing sign system citywide with the improved signs we are developing now.

**Parking Meters:** The proposed budget also includes an enhancement of \$1,050,000 to install an additional 1,500 parking meters in various neighborhood and downtown business districts. These meters will be used, in part, to try innovative parking control methods around such highly constrained areas as the new Convention Center

### **National Capital Bridge Program**

Finally, as I mentioned earlier in my testimony, the U.S. Congress is beginning to take action on reauthorizing the Federal Surface Transportation Programs – highways and transit. This six-year authorization bill sets the funding levels for the formula funds that the District receives each year from the Federal Highway Administration. DDOT has been working closely with the Council and Congresswoman Eleanor Holmes Norton to develop a nearly \$750 million supplementary request as part of the reauthorization bill. The largest share of our request is \$301 million for the District’s National Capital Bridge Program. This program will seek funds to permit the District to repair, rehabilitate or replace such critical bridges as the South Capitol Street Bridge, the 11<sup>th</sup> Street Bridge and the 9<sup>th</sup> Street Bridge over New York Avenue and railroad. Any one of these bridges alone would consume from 40 to 80 percent of the District’s annual allotment of Federal Aid funds for an entire year, rendering the District unable to maintain or improve its existing Federal-Aid eligible roadway system. Just yesterday, Congresswoman Norton introduced the request at a House Transportation Committee hearing pointing out that these bridges, which carry about 500,000 people every day, “constitute a major homeland security hazard to

getting people in and out of the city because... [they] ...are among the oldest and most heavily used in the nation's transportation system.”

We look forward to working with the Council and Congress to bring attention to this crucial infrastructure investment need.

## **Conclusion**

In conclusion, DDOT will continue to work aggressively to improve service delivery to the citizens of the District of Columbia and show enhanced performance outcomes. Our challenge continues to be the identification and deployment of resources to operate both the neighborhood and state transportation mandates of the DDOT at exemplary standards. I look forward to working with you, Chairperson Schwartz and the rest of the Council, on ways to deliver a transportation program and infrastructure that meets the standard of the Nation's Capital.

This completes my presentation and the highlights of our budget request. I would be happy to respond to the Councilmembers' questions at this time.